Stock Code 6485

ASolid Technology Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2021 and 2020 and Independent Auditors' Report
(Not review or audit by accountant)

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2021 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

ASOLID TECHNOLOGY CO., LTD.

By

KEVIN LIU
Chairman

March 18, 2022

INDEPENDENT AUDITORS' REPORT

ASolid Technology Co., Ltd.

Introduction

We have audited the consolidated financial statements of ASolid Technology Co., Ltd (the "Corporation") and its subsidiaries (collectively referred to as the "Group") which comprise the consolidated balance sheets as of December 31, 2021 and 2020, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2021 is stated as follows:

Key Audit Matters－The authenticity of sales revenue

The sales amount of integrated circuits is significant, the relevant revenue recognition policies and information please refer Note 4 and Note 21. Sales revenue in 2021 will increase significantly compared with the previous year. For specific customers with significant sales growth and significant transaction amount in this year, the risk of authenticity of sales revenue is relatively high. Thus, the authenticity of sales revenue has been identified as a key audit matter.

Our audit procedure for this includes checking above customers' orders, sales invoices and account receipts and other relevant documents for the sale transactions of the aforementioned customers and sending correspondence to confirm the authenticity of the occurrence of income.

Other Matter

We have also audited the parent company only financial statements of ASolid Technology Co., Ltd as of and for the years ended December 31, 2021 and 2020 on which we have issued an unmodified opinion with emphasis of matter paragraph.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with statements that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2021 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Su-Li Fang and Tung-Hui Yeh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 18, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language auditors' report and consolidated financial statements shall prevail.

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2021 Amount	%	December 31, 2020 Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note4、6 and 30)	$ 1,400,541	64	$ 524,603	42
Financial assets at amortized cost-current （Note4、7、30 and 32）	25,066	1	25,049	2
Accounts Receivable Non-related parties（Note 4、8、21 and 30）	339,586	15	231,827	18
Inventories (Note4、5 and 9)	283,220	13	324,643	26
Prepayments	11,113	1	12,587	1
Other current assets (Note 15)	433	-	369	-
Total current assets	2,059,959	94	1,119,078	89
NON-CURRENT ASSETS				
Property, plant and equipment (Note4、11 32)	85,821	4	88,568	7
Intangible assets (Note 4 and 14)	36,947	1	30,743	3
Deferred tax assets (Note 4 and 23)	16,392	1	17,092	1
Guarantee deposits paid (Note 30)	1,858	-	2,125	-
Total non-current assets	141,018	6	138,528	11
TOTAL ASSETS	$ 2,200,977	100	$ 1,257,606	100

LIABILITIES AND EQUITY	December 31, 2021 Amount	%	December 31, 2020 Amount	%
CURRENT LIABILITIES				
Short-term borrowings（Note 4、16 and 30）	$ -	-	$ 126,450	10
Contract liability-current（Note 21）	4,806	-	7,077	1
Notes payable- Non-related parties（Note 17 and 30）	-	-	1,181	-
Accounts payable- Non related parties（Note 17 and 30）	144,797	7	68,628	6
Other payables (Note 18 and 30)	195,770	9	62,012	5
Tax payable (Note 4 and 23)	118,320	5	4,786	-
Other current liabilities (Note 18)	1,088	-	1,868	-
Total current liabilities	464,781	21	272,002	22
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 4 and 23)	2,928	-	3,749	-
Guarantee deposits received(Note 30)	114	-	114	-
Total non-current liabilities	3,042	-	3,863	-
Total liabilities	467,823	21	275,865	22
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Notes 4 and 20)				
Common shares	430,365	20	393,835	31
Capital surplus				
Additional paid-in capital	634,690	29	390,344	31
Employee share options	17,713	1	27,549	2
Total capital surplus	652,403	30	417,893	33
Retained earnings				
Legal reserve	58,456	2	55,219	4
Unappropriated earnings	591,569	27	118,230	10
Total retained earnings	650,025	29	173,449	14
Other equity	15	-	10	-
Total equity attributable to owner of the company	1,732,808	79	985,187	78
NON-CONTROLLING INTERESTS	346	-	(3,446)	-
Total equity	1,733,154	79	981,741	78
TOTAL LIABILITIES AND EQUITY	$ 2,200,977	100	$ 1,257,606	100

The accompanying notes are an integral part of the consolidated financial statements.

(With Deloitte & Touche report dated March 18, 2022)

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2021		2020	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4and21)	$ 1,950,755	100	$ 939,612	100
OPERATING COSTS (Note 9 and 22)	(770,667)	(39)	(480,472)	(51)
GROSS PROFIT	1,180,088	61	459,140	49
OPERATING EXPENSES (Note 22)				
Marketing	(91,498)	(5)	(68,445)	(7)
General and administrative	(89,615)	(5)	(74,406)	(8)
Research and development	(366,585)	(19)	(288,130)	(31)
Reversal of expected creditlosses(Note 8)	(10,000)	-	(8,000)	(1)
Total operating expenses	(557,698)	(29)	(438,981)	(47)
OPERATING INCOME	622,390	32	20,159	2
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	483	-	190	-
Other income	3,988	-	15,947	2
Other gains and losses	(1,360)	-	3,281	-
Financial costs	(1,151)	-	(3,290)	-
Total non-operating income and expenses	1,960	-	16,128	2
PROFIT BEFORE INCOME TAX	624,350	32	36,287	4
INCOME TAX EXPENSE (Note 4 and 23)	(125,591)	(6)	(7,120)	(1)
NET PROFIT FOR THE YEAR	498,759	26	29,167	3

(Continued)

	2021		2020	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items likely to be reclassified to profit or loss in subsequent period：				
Exchange differences on translation of foreign financial statements				
Total other comprehensive income	(1)	-	(1)	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR (AFTER TAX)	(1)	-	(1)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 498,758	26	$ 29,166	3
NET PROFIT(LOSS) ATTRIBUTED TO:				
Owners of the Corporation	$ 496,660	26	$ 32,369	3
Non-controlling interests	2,099	-	(3,202)	-
	$ 498,759	26	$ 29,167	3
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:				
Owners of the Corporation	$ 496,660	26	$ 32,368	3
Non-controlling interests	2,098	-	(3,202)	-
	$ 498,758	26	$ 29,166	3
EARNINGS PER SHARE ; NEW TAIWAN DOLLARS (Note 24)				
Basic	$ 12.20		$ 0.82	
Diluted	$ 11.55		$ 0.82	

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche report dated March 18, 2022)

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Corporation								
	Share Capital		**Capital surplus**		**Retained Earnings**		**Other Equity** Exchange Differences on Translating the Financial Statements of		
	Shares (In thousands)	Amount	**Additional Paid-in Capital**	**Employee Share Options**	**Legal Reserve**	**Foreign Operations**	**Foreign Operations**	**Non-controlling Interests**	**Total Equity**
BALANCE, JANUARY 1, 2020	39,384	$ 393,835	$ 390,344	$ 17,609	$ 49,104	$ 111,668	$ 11	($ 244)	$ 962,327
Appropriations of 2019 earnings									
Legal capital reserve	-	-	-	-	6,115	(6,115)	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(19,692)	-	-	(19,692)
Net profit for the year ended December 31, 2020	-	-	-	-	-	32,369	-	(3,202)	29,167
Other comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	-	(1)	-	(1)
Total comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	32,369	(1)	(3,202)	29,166
Other changes in capital surplus：									
Recognition of employee share options by the Company	-	-	-	9,940	-	-	-	-	9,940
BALANCE, DECEMBER 31, 2020	39,384	393,835	390,344	27,549	55,219	118,230	10	(3,446)	981,741
Appropriations of 2020 earnings									
Legal capital reserve	-	-	-	-	3,237	(3,237)	-	-	-
Cash dividends to shareholders	-	-	-	-	-	(19,692)	-	-	(19,692)
Net profit for the year ended December 31, 2021	-	-	-	-	-	496,660	-	2,099	498,759
Other comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	-	-	(1)	(1)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	-	496,660	-	2,098	498,758
Cash capital increase	2,175	21,750	200,970	-	-	-	-	-	222,720
Issue of ordinary shares under employee share options	1,478	14,780	43,376	(11,156)	-	-	-	-	47,000
Proceeds from disposal of subsidiaries	-	-	-	-	-	-	(11)	1,666	1,655
Changes in ownership interests in subsidiaries	-	-	-	-	-	(392)	16	28	(348)
Other changes in capital surplus：									
Recognition of employee share options by the Company	-	-	-	1,320	-	-	-	-	1,320
BALANCE, DECEMBER 31, 2021	43,037	$ 430,365	$ 634,690	$ 17,713	$ 58,456	$ 591,569	$ 15	$ 346	$ 1,733,154

The accompanying notes are an integral part of these consolidated financial statements.
(With Deloitte & Touche report dated March 18, 2022)

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (Loss) before income tax	$ 624,350	$ 36,287
Adjustments for：		
Depreciation expenses	7,244	7,702
Amortization expense	16,962	27,308
Expected credit losses	10,000	8,000
Finance costs	1,151	3,290
Interest income	(483)	(190)
Compensation cost of employee share options	1,320	9,940
Loss for market price decline and obsolete and slow-moving inventories	13,416	15,351
Impairment loss of intangible assets	-	5,139
Net loss (gain) on foreign currency exchange	725	8,639
Net changes related to operating assets and liabilities		
Accounts receivable	(111,431)	13,289
Other receivables	-	182
Inventories	28,007	60,671
Other current assets	1,474	(157)
Prepayments	(64)	932
Contract liabilities	(2,271)	3,638
Notes payable	(1,181)	1,181
Accounts payable	74,157	(83,474)
Other payables	133,758	(5,682)
Other current liabilities	(780)	1,319
Cash generated from operations	796,354	113,365
Interest paid	(1,151)	(3,290)
Income tax paid	(12,177)	(15,618)
Net cash (used in) generated from operating activities	783,026	94,457
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(17)	(20)
Net cash outflow from acquiring subsidiaries	(348)	-
Payment for property, plant and equipment	(4,496)	(8,133)
(Increase) Decrease in refundable deposits	267	(561)
Payment for intangible assets	(23,166)	(19,654)

（Continued）

	2021	2020
Proceeds from disposal of intangible assets	-	-
Interest received	483	190
Net cash used in investing activities	(27,277)	(28,178)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	461,971	818,427
Decrease in short-term loans	(590,515)	(841,375)
Cash dividends paid	(19,692)	(19,692)
Cash capital increase	222,720	-
Exercise of employee share options	47,000	-
Net cash generated from (used in) financing activities	121,484	(42,640)
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(1,295)	(7,586)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	875,938	16,053
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	524,603	508,550
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$1,400,541	$ 524,603

The accompanying notes are an integral part of these consolidated financial statements.
(With Deloitte & Touche report dated March 18, 2022)

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

ASOLID TECHNOLOGY CO., LTD. (the "Corporation") was incorporated on February 2008 under the Company Act of the Republic of China ("ROC"). The Corporation mainly designs and sells flash memory controllers and peripheral system applications.

The Corporation's shares have been traded on the Taipei Exchange since November, 2015.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

ASOLID TECHNOLOGY CO., LTD. and its subsidiaries are collectively referred to as the consolidated company

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Corporation's board of directors on March 18, 2022.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS),International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC)(collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission(FSC)
The initial application of the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the consolidated company's accounting policies.

b. The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by FSC with effective date starting 2022

New IFRSs	Effective Date Announced by IASB
Annual Improvements to IFRS Standards 2018 - 2020 Cycle	January 1, 2022（Note 1）
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022（Note 2）
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022（Note 3）
Amendments to IAS 37 "Onerous Contracts–Cost of Fulfilling a Contract"	January 1, 2022（Note 4）

Note 1： The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 2： The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 3： The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 4： The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the consolidated company is continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the consolidated company's financial position and financial performance.

c. New IFRSs issued by IASB, but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contract"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17" Initial application of IFRS 17 and IFRS 9 - comparative information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023（Note 2）
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023（Note 3）
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023（Note 4）

Note 1： Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2： The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 3： The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 4： Except that deferred taxes will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the consolidated company is continuously assessing the possible impact that the application of aforementioned standards and interpretations will have on the consolidated company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of Current and Non-current Assets and Liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

All other assets and liabilities are classified as non-current.

d. Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Corporation. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Corporation and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interest of the Corporation and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Corporation.

When the Corporation loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Corporation accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

See Note 10, Tables2 and 3 following the Notes to Consolidated Financial Statements for detailed information on subsidiaries (including the percentage of ownership and main businesses).

e. Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Corporation and its foreign operations (including subsidiaries and associates in other countries that use currencies different from the currency of the Corporation) are translated into the presentation currency, the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Corporation and non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Corporation are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, work-in-process and finished goods, and merchandise which are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at their weighted-average costs on the balance sheet date.

g. Property, Plant and Equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Except for self-owned land, depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purpose of impairment testing, goodwill is allocated to each of the Corporation’s cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. If the recoverable amount of a cash-generating unit is less than its carrying amount, the difference is allocated first to reduce the carrying amount of any goodwill allocated to such cash generating unit and then to the other assets of the cash generating unit pro rata based on the carrying amount of each asset in the cash generating unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

i. Intangible Assets

1) Acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Internal generation - research and development expenses
Research and development expenses are recognized as costs at the time of occurrence

3) Derecognition

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss. ◦

j. Impairment of Property, Plant and Equipment, Right-of-use assets and Intangible assets

At the end of each reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment , right of asset and tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered any impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset, or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial Instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instruments.

In the original recognition of financial assets and financial liabilities, if the financial asset or financial liability is not measured at fair value through profit or loss, it is measured at the fair value plus transaction costs directly attributable to the acquisition or issuance of the financial asset or financial liability. Transaction costs that are directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement category

The types of financial assets held by the corporation company are financial assets measured at amortized cost.

i. Financial assets measured at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets measured at amortized cost, including cash and cash equivalents and trade receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such a financial asset; and
ii) Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such a financial asset.

Credit-impaired financial assets are those in which the issuer or debtor has experienced significant financial difficulties, defaults, the debtor is likely to file for bankruptcy or other financial reorganization, or the active market for the financial asset has disappeared due to financial difficulties.

Cash equivalents include term deposits with maturity within 3 months from the date of acquisition, which are highly liquid and easily convertible into a known amounts of cash with minimal risk of changes in value. These cash equivalents are held to meet short-term cash commitments.

b) Impairment of financial assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) at the end of each reporting period.

The loss allowance for accounts receivable is measured at an amount equal to lifetime expected credit losses. For other financial assets, when the credit risk has not increased significantly since initial recognition, a loss allowance is recognized at an amount equal to the expected credit losses resulting from possible default events of the financial instruments within 12 months after the reporting date. If, on the other hand, there has been a significant increase in credit risk since initial recognition, a loss allowance is recognized at an amount equal to the expected credit losses resulting from possible default events over the expected life of the financial instruments.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. The portion of expected credit losses that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date are 12-month expected credit losses. Lifetime expected credit losses are the expected credit losses that arise if debtors default on their obligations at some time during the life of a financial instrument.

For internal credit risk management purposes, the Corporation determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Corporation):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.
ii. More than 90 days past due, unless there is reasonable and corroborative information that the deferred default basis is more appropriate.

All impairment losses on financial assets are reduced to their carrying amounts through an allowance account, and allowance losses on investments in debt instruments at fair value through other comprehensive profit or loss are recognised in other comprehensive profit or loss without reducing their carrying amounts.

c) Derecognition of financial assets

The Corporation derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Corporation are classified as financial liabilities or equity according to the substance of the contract agreement and the definition of financial liabilities and equity instruments

Equity instruments issued by the Corporation are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

3) Financial liabilities

a) Recognition and measurement

All financial liabilities are measured at amortized cost determined by the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Revenue Recognition

The Corporation identifies contracts with the customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

<u>Revenue from the sale of goods</u>

Revenue from the sale of goods comes from the sale of electronic products. Sales of the aforementioned goods are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence. Trade receivables are recognized concurrently. When the customer initially purchases the goods, the transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

The Corporation does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of the materials' ownership.

m. Leases

At the inception of a contract, the Corporation assesses whether the contract is, or contains, a lease.

1) The Consolidated company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Under operating leases, lease payments, net of lease inducements, are recognised as income on a straight-line basis over the period of the relevant lease. Original direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as an expense over the lease term on a straight-line basis.

2) The Consolidated company as lessee

The Consolidated company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

n. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The investment income earned from a temporary investment made before the capital expenditure of a qualifying requirement is subtracted from the cost of borrowing subject to capitalization

Other than the borrowing costs described above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred. 。

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Corporation will comply with the conditions attached to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee Benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

q. Employee Share Options

The fair value at the grant date of employee share options is expensed on a straight-line basis over the vesting period, based on the Corporation's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vested immediately.

At the end of each reporting period, the Consolidated company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

The Corporation shall determine the current income (loss) in accordance with the regulations established by each income tax reporting jurisdiction, on the basis of which the income tax payable (recoverable) shall be calculated.

Income tax on unappropriated earnings is expensed in the year the shareholders approved the appropriation of earnings which is the year subsequent to the year the earnings are generated.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the parent Corporation only financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, net operating loss carryforwards and tax credits for research and development expenses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the consolidated company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered. The deferred tax assets which originally not recognized is also reviewed at the end of each reporting period and recognized to the extent that it is probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the consolidated company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The application of the Corporation’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The consolidated company considers the recent development of the COVID-19 in Taiwan and its economic environment implications when making its critical accounting estimates in cash flow projections, growth rate, discount rate, profitability, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Write-down of inventories

The net realizable value of inventory is its estimated selling price in the ordinary course of business less its estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31, 2021	December 31, 2020
Cash on hand	$ 1,593	$ 1,767
Checking accounts and demand deposits	709,348	522,836
Cash equivalents		
Time deposits with original maturity within 3 months	689,600	-
	$ 1,400,541	$ 524,603

The interest rate range of bank deposits and bank time deposits with original maturity within 3 months on the balance sheet date is as follows：

	December 31, 2021	December 31, 2020
Bank deposits	0.02%~0.10%	0.00%~0.35%
Time deposits with original maturity within 3 months	0.03%~0.41%	-

7. FINANCIAL ASSETS AT AMORTIZED COST

	December 31, 2021	December 31, 2020
Current		
Time deposits with original maturities of more than 3 months	$ 5,107	$ 5,099
Restricted demand deposits	19,959	19,950
	$ 25,066	$ 25,049

a. Until December 31, 2021 and 2020, the interest rate range of time deposits and restricted demand deposits with an original maturity date exceeding 3 months is 0.04% to 0.35% per annum.

b. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

8. ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

	December 31, 2021	December 31, 2020
Accounts receivable（Note 21）		
At amortized cost		
Gross carrying amount	$ 366,911	$ 249,152
Less: Loss allowance	(27,325)	(17,325)
	$ 339,586	$ 231,827

The average credit period of sales of goods was 60 days to 90 days. No interest was charged on accounts receivable. The consolidated company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is the use of other publicly available financial information and historical transaction records to rate major customers. The consolidated company continues to monitor the credit risk and the credit rating of the counterparty, and distributes the total transaction amount to different customers with qualified credit ratings. In addition, it manages the credit risk through the counterparty credit line reviewed and approved by the Risk Management Committee every year.

The consolidated company measures the loss allowance for accounts receivables at an amount Equal to lifetime expected credit losses. The expected credit losses on accounts receivables are estimated using an allowance matrix by reference to past default experience with the respective debtors and an analysis of each debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecasted direction of economic conditions at the reporting date. As the consolidated company's historical credit losses experience does not show significantly different loss patterns for different customer segments, the loss allowance, which is based on the past due status of receivables, is not further distinguished according to different segments of the consolidated company's customer base.

The consolidated company writes off a accounts receivable when there is information indicating that the debtor is experiencing severe financial difficulty and there is no realistic prospect of recovery, such as liquidation of the debtor. For accounts receivables that have been written off, the consolidated company continues to attempt to recover the receivables which are due. Where recoveries are made, these are recognized in profit or loss.

The consolidated company measures the allowance loss of accounts receivable according to the reserve matrix as follows：

December 31, 2021

	Not Past Due	Less than 1-120days	Less than 121-180 days	Less than 181-365 days	Over 365 days	Total
Gross carrying amount	$342,345	$ 24,566	$ -	$ -	$ -	$366,911
Loss allowance (lifetime expected credit losses)	(2,759)	(24,566)	-	-	-	(27,325)
Amortized cost	$339,586	$ -	$ -	$ -	$ -	$339,586

December 31, 2020

	Not Past Due	Less than 1-120days	Less than 121-180 days	Less than 181-365 days	Over 365 days	Total
Gross carrying amount	$241,595	$ 7,034	$ 523	$ -	$ -	$249,152
Loss allowance (lifetime expected credit losses)	(9,768)	(7,034)	(523)	-	-	(17,325)
Amortized cost	$231,827	$ -	$ -	$ -	$ -	$231,827

The movements of the loss allowance of account receivables were as follows:

	2021	**2020**
Balance, beginning of period	$ 17,325	$ 18,000
Add: Provision of loss allowance	10,000	8,000
Less: Amounts written off	-	(8,675)
Balance, end of period	$ 27,325	$ 17,325

9. INVENTORIES

	December 31, 2021	December 31, 2020
Finished goods	$ 139,011	$ 123,171
Work in process	28,962	23,430
Raw materials	43,285	114,234
Merchandise	71,962	63,808
	$ 283,220	$ 324,643

The nature of the cost of sales is as follows:

	2021	2020
The cost of inventory sold	$ 757,251	$ 465,121
Loss for market price decline and obsolete and slow-moving inventories	13,416	15,351
	$ 770,667	$ 480,472

10. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements are as follows:

			Proportion of Ownership (%)		
Investor	Investee	Principal Activities	December 31, 2021	December 31, 2020	Remark
ASolid Technology Co., Ltd	Advanced Memory Technology Co., Ltd	Integrated circuit design	37.12	37.12	1、3
	Innostor Technology Corporation	Integrated circuit design	-	69.74	2、3
	Innostor Technology (Samoa) Limited	Investment holding company	100	-	2
Innostor Technology Corporation	Innostor Technology (Samoa) Limited	Investment holding company	-	100	2
Innostor Technology (Samoa) Limited	Innostor Technology (Shenzhen) Ltd.	Consumer electronics, services business	100	100	-

1. The consolidated company acquired 37.12% equity of Advanced Memory Technology Co., Ltd. Because over 50% directors of Advanced Memory Technology Co., Ltd., who have the power to dominate the relevant activities, are assigned by the consolidated company, the consolidated company listed Advanced Memory Technology Co., Ltd. as a subsidiary.
2. On August 26, 2021, Innostor Technology Corporation passed the resolution of the general meeting of shareholders to dissolve and complete the liquidation process. For more information, please refer to Note 27. The consolidated company also undergoes organizational reorganization. The company directly holds the equity of Innostor Technology (Samoa) Limited, while the consolidated company indirectly holds Innostor Technology (Shenzhen) Ltd., and the shareholding ratio has increased from 69.74% to 100%. For more information, please refer to Note 28.
3. The above subsidiaries are calculated based on the financial statements by audited.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Research and development equipment	Machinery and Equipment	Other Equipment	Total
Cost						
Balance at January 1, 2021	$ 44,592	$ 42,008	$ 21,936	$ 10,239	$ 22,684	$ 141,459
Additions	-	-	2,060	-	2,436	4,496
Disposals	-	-	-	(10,239)	(2,056)	(12,295)
Effect of rate changes	-	-	-	-	(5)	(5)
Balance at December 31,2021	$ 44,592	$ 42,008	$ 23,996	$ -	$ 23,059	$ 133,655
Accumulated depreciation						
Balance at January 1, 2021	$ -	$ 8,550	$ 15,863	$ 10,239	$ 18,239	$ 52,891
Additions	-	1,902	2,426	-	2,916	7,244
Disposals	-	-	-	(10,239)	(2,056)	(12,295)
Effect of rate changes	-	-	-	-	(6)	(6)
Balance at December 31,2021	$ -	$ 10,452	$ 18,289	$ -	$ 19,093	$ 47,834
Balance at December 31,2021, net	$ 44,592	$ 31,556	$ 5,707	$ -	$ 3,966	$ 85,821
Cost						
Balance at January 1, 2020	$ 44,592	$ 42,008	$ 16,702	$ 10,255	$ 21,704	$ 135,261
Additions	-	-	5,234	-	2,899	8,133
Disposals	-	-	-	(16)	(1,931)	(1,947)
Effect of rate changes	-	-	-	-	12	12
Balance at December 31,2020	$ 44,592	$ 42,008	$ 21,936	$ 10,239	$ 22,684	$ 141,459
Accumulated depreciation						
Balance at January 1, 2020	$ -	$ 6,650	$ 13,508	$ 10,255	$ 16,710	$ 47,123
Additions	-	1,900	2,355	-	3,447	7,702
Disposals	-	-	-	(16)	(1,931)	(1,947)
Effect of rate changes	-	-	-	-	13	13
Balance at December 31,2020	$ -	$ 8,550	$ 15,863	$ 10,239	$ 18,239	$ 52,891
Balance at December 31,2020,net	$ 44,592	$ 33,458	$ 6,073	$ -	$ 4,445	$ 88,568

The above items of property, plant and equipment are depreciated on a straight-line basis over their following estimated useful lives as follows:

Buildings	10-35 years
Research and Development Equipment	1-3 years
Machinery and Equipment	2-5 years
Other Equipment	1-5 years

Property, plant and equipment pledged as collateral for bank borrowings are disclosed in Note 32.

12. LEASE ARRANGEMENTS

Other lease information

	2021	2020
Short-term rental expenses	$ 8,524	$ 7,497
The total amount of cash (outflow) from the lease	($ 8,524)	($ 7,497)

The consolidated company leases certain office equipment which qualify as short-term leases and parking space and certain office equipment. The consolidated company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. GOODWILL

	2021	2020
Cost		
Balance, beginning and end of year	$ 29,290	$ 29,290
Cumulative impairment loss		
Balance, beginning of Year	$ 29,290	$ 24,151
Impairment losses recognized in the current year	-	5,139
Balance, end of year	$ 29,290	$ 29,290
Balance, end of year,net	$ -	$ -

On December 31, 2020, the recoverable amount of the assessed goodwill of the combined company was less than the book value, and the goodwill impairment loss was recognized as $5,139.

14. OTHER INTANGIBLE ASSETS

	Photomask	Computer Software	Patent	Technology Licensing	Total
Cost					
Balance at January 1, 2021	$ 87,331	$ 21,843	$ 20,097	$ 113,231	$ 242,502
Additions	11,466	-	-	11,700	23,166
Disposal	(25,255)	(15,210)	(20,097)	(6,108)	(66,670)
Balance at December 31,2021	$ 73,542	$ 6,633	$ -	$ 118,823	$ 198,998
Accumulated amortization					
Balance at January 1, 2021	$ 85,561	$ 20,760	$ 17,081	$ 88,357	$ 211,759
Amortization	2,406	667	3,016	10,873	16,962
Disposal	(25,255)	(15,210)	(20,097)	(6,108)	(66,670)
Balance at December 31,2021	$ 62,712	$ 6,217	$ -	$ 93,122	$ 162,051
Balance at December 31,2021,net	$ 10,830	$ 416	$ -	$ 25,701	$ 36,947
Cost					
Balance at January 1, 2020	$ 87,331	$ 21,057	$ 20,097	$ 94,478	$ 222,963
Additions	-	901	-	18,753	19,654

Disposal	-	(115)	-	-	(115)
Balance at December 31,2020	$ 87,331	$ 21,843	$ 20,097	$ 113,231	$ 242,502
Accumulated amortization					
Balance at January 1, 2020	$ 80,082	$ 19,482	$ 13,062	$ 71,940	$ 184,566
Amortization	5,479	1,393	4,019	16,417	27,308
Disposal	-	(115)	-	-	(115)
Balance at December 31,2020	$ 85,561	$ 20,760	$ 17,081	$ 88,357	$ 211,759
Balance at December 31,2020,net	$ 1,770	$ 1,083	$ 3,016	$ 24,874	$ 30,743

The above items of intangible assets are amortized on a straight-line basis over their following estimated useful lives:

Photomask	2 years
Computer software	1-3 years
Patent	3 years
Technology Licensing	1-3 years

15. OTHER ASSETS

	December 31, 2021	December 31, 2020
Current		
Payment on behalf of others	$ 339	$ 325
Temporary payments	84	34
Other current asset	10	10
	$ 433	$ 369

16. LOANS

Short-Term Loans

	December 31, 2021	December 31, 2020
Unsecured loans		
Credit Limit loans	$ -	$ 126,450

Bank borrowing rate on December 31, 2020 was 0.91% ~ 1.03%.

17. NOTES AND ACCOUNTS PAYABLE

	December 31, 2021	December 31, 2020
Notes payable		
Arising from operating activities	$ -	$ 1,181
Accounts payable		
Arising from operating activities	$ 144,797	$ 68,628

18. OTHER LIABILITIES

	December 31, 2021	December 31, 2020
Current		
Other payables		
Employees' compensation and remuneration of directors payable	$ 79,850	$ 8,820
Salaries and bonuses payable	73,857	28,504
Equipment payment payable	15,718	289
Labor and health insurances payable	7,325	6,246
Others	19,020	18,153
	$ 195,770	$ 62,012
Other Liabilities		
Receipts under custody	$ 495	$ 395
Refund liabilities	493	1,465
Temporary receipts	100	-
Others	-	8
	$ 1,088	$ 1,868

19. RETIREMENT BENEFIT PLANS

Defined contribution plan

Except the Innostor Technology (Shenzhen) Ltd, the Corporation adopted a pension plan under the Labor Pension Act (the "LPA"), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

20. EQUITY

a. Common shares

	December 31, 2021	December 31, 2020
Number of shares authorized (in thousands)	100,000	50,000
Shares authorized	$ 1,000,000	$ 500,000
Number of shares issued and fully paid (in thousands)	43,037	39,384
Shares issued	$ 430,365	$ 393,835

Fully paid issued common shares, which have a par value of NT$10, carry one vote per share and carry a right to dividends.

On August 26, 2021, it was approved by the general meeting of shareholders to increase the rated share capital to $1,000,000 thousand.

Of the Corporation's authorized capital shares, 10,000 thousand shares and 5,000 thousand shares were reserved for the issuance of employee share options as of December 31, 2021 and December 31,2020.

On May 7, 2021, the private placement of common stock was approved by the resolution of the board of directors, and within one year from the date of the resolution of the shareholders' meeting, it will be processed once or twice. The number of private shares does not exceed 3,900 thousand shares.

In order to enrich the operating working capital and the needs of the company's long-term development, the private common stock case was approved by the shareholders' meeting on August 26, 2021, and the board of directors was authorized to handle it.

On November 5, 2021, it was approved by the board of directors to issue 2,175,000 new shares through private placement cash capital increase, with a par value of $10 per share, and issued at NT$102.40 per share. The private equity cash capital increase case has been approved by the Securities and Futures Bureau of the Financial Supervisory Commission on November 15, 2021. The resolution of the board of directors takes November 19, 2021 as the base date for capital increase.

The remaining changes in share capital are due to the issuance of 1,478,000 new shares due to the execution of stock options by employees.

b. Capital surplus

	December 31, 2021	December 31, 2020
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Issuance of common shares	$ 575,572	$ 374,602
May only be used to offset a deficit		
Employee share options have been adjusted to issuance of common shares	59,118	15,742
May not be used for any purpose		
Employee share options	17,713	27,549
	$ 652,403	$ 417,893

1) Such capital surplus may be used to offset a deficit; in addition, when the Corporation has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Corporation's capital surplus and once a year).

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the amended Articles, where the Corporation made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years (including adjustment of the unappropriated earnings amount), setting aside as legal reserve 10% of the remaining profit until the accumulated legal capital reserve equals to the paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with the beginning balance of undistributed retained earnings shall be used by the Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonus to shareholders. For the policies on distribution of employees' compensation and remuneration to directors and supervisors before and after amendment, refer to Note 22(g) "employees' compensation and remuneration of directors and supervisors".

The Corporation's dividend distribution policy takes into consideration the current and future investment environment, capital requirements, domestic and international competition, capital budget plans, shareholders' interests, cash dividends should be at least 10% of the total dividends distributed. However, the Corporation may adjust the principle of distribution of cash dividends and stock dividends as necessary, depending on economic conditions, industrial development and capital needs

A legal reserve shall be charged until its balance amounts to the total amount of the Corporation's paid-in share capital. A legal reserve may be used to offset deficits. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The Corporation appropriates or reverses a special reserve in accordance with Rule No. 1010012865、1010047490、1030006415 issued by the Financial Supervisory Commission and a question-and-answer question on the application of a special reserve after the adoption of IFRSs

The appropriations of earnings for the years ended December 31 2020 and 2019 were approved in the shareholders' meeting on Aug 26, 2021 and June 19, 2020, respectively, and were as follows:

	Appropriation of Earnings	
	For Year 2020	**For Year 2019**
Legal reserve	$ 3,237	$ 6,115
Cash dividends	$ 19,692	$ 19,692
Cash dividends per share (NT$)	$ 0.50	$ 0.50

On March 18, 2022, the Board's proposed 2021 earnings distribution plan is as follows:

	Appropriation of Earnings
	For Year 2021
Legal reserve	$ 49,666
Cash dividends	$ 219,973
Cash dividends per share (NT$)	$ 5.00

The 2021 profit distribution plan is subject to the resolution of the general shareholders' meeting held on June 22, 2022.

d. Non-controlling interests

	For the Year Ended December 31	
	2021	**2020**
Balance, beginning of period	($ 3,446)	($ 244)
Total non-controlling interests attributed to		
Net profit for the year	2,098	(3,202)
Changes in ownership and equity of subsidiaries	28	-
Proceeds from disposal of subsidiaries	1,666	-
Balance, end of period	$ 346	($ 3,446)

21. REVENUE

	December 31, 2021	December 31, 2020
Revenue from contracts with customers		
Merchandise sales revenue	$ 1,950,755	$ 939,612

a. Contract balances

	December 31, 2021	December 31, 2020	January 1, 2020
Accounts Receivable(Note 8)	$ 339,586	$ 231,827	$ 255,123
Contract Liability-current			
Merchandise sales	$ 4,806	$ 7,077	$ 3,439

The change in contractual liabilities is mainly due to the difference between the point at which the performance obligation is met and the point at which the customer pays.
The amount of contract liabilities from the beginning of the year recognised as revenue in the current year is as follows:

	December 31, 2021	December 31, 2020
From contract liabilities at the beginning of the year		
Merchandise sales	$ 6,015	$ 3,439

b. Segmentation of revenue from contracts with customers

	For the Year Ended December 31	
	2021	2020
The type of product		
Flash Controller	$ 1,876,429	$ 856,700
Packaged Controller	42,631	33,647
Others	31,695	49,265
	$ 1,950,755	$ 939,612
Major regional markets		
Taiwan	$ 814,777	$ 489,306
China	649,022	341,899
Others	486,956	108,407
	$ 1,950,755	$ 939,612

22. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2021	2020
Bank deposits	$ 483	$ 190

b. Other income

	For the Year Ended December 31	
	2021	2020
Government subsidies ((Note 26)	$ 673	$ 15,426
Others	3,315	521
	$ 3,988	$ 15,947

c. Other gains and losses

	For the Year Ended December 31	
	2021	2020
Net foreign exchange gains	$ 3,433	$ 8,420
Government subsidy income return (Note 26)	(4,280)	-
Impairment loss (Note 13)	-	(5,139)
Others	(513)	-
	($ 1,360)	$ 3,281

d. Finance costs

	For the Year Ended December 31	
	2021	2020
Interest on bank loans	$ 1,151	$ 3,290

e. Depreciation and amortization

	For the Year Ended December 31	
	2021	2020
An analysis of depreciation by function		
Operating expenses	$ 7,244	$ 7,702
An analysis of amortization by function		
Operating expenses	$ 16,962	$ 27,308

f. Employee benefits expense

	For the Year Ended December 31	
	2021	2020
Post-employment benefits		
Defined contribution plan	$ 11,623	$ 10,923
Share-based payment (Note 25)		
Equity settlement	1,320	9,940
Other employee benefits	404,555	260,846
Total employee benefits	$ 417,498	$ 281,709
Employee benefits		
Recognized in operating expenses	$ 417,498	$ 281,709

g. Employees' compensation and remuneration of directors

The Corporation accrued employees' compensation and remuneration of directors at the rates of 7%-17% and no higher than 5%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2021 and 2020, which have been approved by the Corporation's board of directors on March 18, 2022 and March 19, 2021, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2021	2020
Employees' compensation	10.28%	10.05%
Remuneration of directors	0.93%	1.79%

Amount

	For the Year Ended December 31			
	2021		2020	
	Cash Dividends	Share Dividends	Cash Dividends	Share Dividends
Employees' compensation	$ 72,000	$ -	$ 4,500	$ -
Remuneration of directors	6,500	-	800	-

If there is a change in the amounts after the annual consolidation financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of employees' compensation and remuneration of directors paid and the amounts recognized in the consolidation financial statements for the years ended December 31, 2020 and 2019.

Information on the employees' compensation and remuneration of directors resolved by the Corporation's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2021	**2020**
Foreign exchange gains	$ 19,684	$ 35,766
Foreign exchange losses	(16,251)	(27,346)
Net (losses) gains	$ 3,433	$ 8,420

23. INCOME TAXES

a. Income tax recognized in profit or loss:

The major components of tax expense were as follows:

	For the Year Ended December 31	
	2021	2020
Current tax		
In respect of the current year	$ 123,753	$ 7,192
Adjustments for prior periods	1,959	1,821
	125,712	9,013
Deferred tax		
In respect of the current year	(121)	(1,893)
Income tax expense recognized in profit or loss	$ 125,591	$ 7,120

A reconciliation of accounting profit and income tax expense as follows:

	For the Year Ended December 31	
	2021	2020
Profit before tax from continuing operations	$ 624,350	$ 36,287
Income tax expense calculated at the statutory rate(20%)	$ 124,870	$ 7,257
Nondeductible expenses in determining taxable income	42	94
Tax-exempt income	-	(3,085)
Unrecognized deductible temporary differences	4,147	1,033
Tax credit of investment	(5,427)	-
Adjustments for prior years	1,959	1,821
Income tax benefit recognized in profit or loss	$ 125,591	$ 7,120

b. Current tax liabilities

	For the Year Ended December 31	
	December 31,2021	December 31,2020
Current tax liabilities		
Income tax payable	$118,320	$ 4,786

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

2021

Deferred tax assets	Opening Balance	Recognized in Profit or Loss	Closing Balance
Temporary differences			
Allowance to reduce inventory to market	$ 14,389	($ 634)	$ 13,755
Allowance for uncollectible accounts exceeds the limits	477	-	477
Unrealized exchange losses	2,226	(66)	2,160
	$ 17,092	($ 700)	$ 16,392

Deferred tax liabilities			
Temporary differences			
Unrealized exchange gains	$ 3,214	($ 286)	$ 2,928
Investment income	535	(535)	-
	$ 3,749	($ 821)	$ 2,928

2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred tax assets			
Temporary differences			
Allowance to reduce inventory to market	$ 14,551	($ 162)	$ 14,389
Allowance for uncollectible accounts exceeds the limits	150	327	477
Unrealized exchange losses	832	1,394	2,226
	$ 15,533	$ 1,559	$ 17,092
Deferred tax liabilities			
Temporary differences			
Unrealized exchange gains	$ 3,548	($ 334)	$ 3,214
Investment income	535	-	535
	$ 4,083	($ 334)	$ 3,749

d. Deductible temporary differences and unused loss carryforwards for which no deferred assets have been recognized in the parent company only balance sheets

e.

	December 31,2021	December 31,2020
Loss carryforwards		
Expire in 2024	$ 17,750	$ 118,675
Expire in 2025	28,346	54,241
Expire in 2026	12,059	82,961
Expire in 2027	2,299	42,651
Expire in 2028	1,899	13,288
Expire in 2029	1,665	11,254
Expire in 2030	584	584
	$ 64,602	$323,654
Deductible temporary differences	$ 69,887	$ 49,153

f. Information about unused loss carry-forward

Loss carryforwards as of December 31, 2021 comprised:

Unused Tax Amount	Expiry Year
$ 17,750	113
28,346	114
12,059	115
2,299	116
1,899	117
1,665	118
584	119

Unused Tax Amount	Expiry Year
$ 64,602	

g. Income tax assessment
Income tax returns through 2019 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31	
	2021	2020
Basic earnings per share	$ 12.20	$ 0.82
Diluted earnings per share	$ 11.55	$ 0.82

The earnings and weighted-average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2021	2020
Net income used to calculate basic and diluted earnings per share	$ 496,660	$ 32,369

Shares

(In Thousands of Shares)

	For the Year Ended December 31	
	2021	2020
Weighted-average number of common shares used in the computation of basic earnings per share	40,717	39,384
Effect of potentially dilutive common shares:		
Employee share options	1,787	
Employees' compensation	482	326
Weighted-average number of common shares used in the computation of dilutive earnings per share	42,986	39,710

If the consolidated company offered to settle compensation or bonuses paid to employees in cash or shares, the consolidated company assumed the entire amount of the compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The consolidated company 's rights issue is not included in the diluted earnings per share due to the fact that the execution price is higher than the average market value of 2020 shares.

25. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted share plan for employees

a. FY 2017 share plan for employees

On May 17, 2017, the Corporation gave 2,500 units of equity to employees, each of which can subscribe for 1 share of common stock, to employees who include the Corporation 's specific conditions. The retention period of the rights issue shall be 6 years, and the holder may exercise a certain proportion of the rights to be given to it from the date of the issuance of the certificate for 2 years. The above-mentioned employee warrants are declared effective by Rule No. 1060013848 issued by the Financial Supervisory Commission.

Information on share plan for employees was as follows:

	For the Year Ended December 31			
	2021		2020	
Share plan for employees	Unit	Weighted average execution price	Unit	Weighted average execution price
Balance at January 1	2,473	$ 31.80	2,473	$ 36.58
Executed	(1,478)	31.80	-	-
Logged out	(737)	31.80	-	
Balance at December 31	258	31.30	2,473	31.80
Balance at December 31 can be executed	258		1,848	

Information on share plan for employees was as follows:

	For the Year Ended December 31	
	December 31,2021	December 31,2020
The range of execution price(NT$)	$ 31.30	$ 31.80
Weighted average remaining contract terms（year）	1.37 years	2.37 years

In May 2017, the Corporation gave its employees a share issue using the Black-Scholes evaluation model, which uses the following input values:

	May 2017
Fair Value	40.15
The execution price	40.15
Expected volatility	25.12～27.25%
Period	2.5～4.5years
Expected dividend rate	-
Risk-free interest rates	1.04～1.07%

The expected volatility is based on the standard deviation over the life of the simulated company's historical average stock price volatility over time and is annualized.

For the years ended December 31, 2021 and 2020, the compensation costs recognized were $(1,656) thousand and $2,098 thousand, respectively.

b. FY2019 share plan for employees

On December 31, 2019, the Corporation gave 2,500 units of equity to employees, each of which can subscribe for 1 share of common stock, to employees who include the Company's specific conditions. The retention period of the rights issue shall be 6 years, and the holder may exercise a certain proportion of the rights to be given to it from the date of the issuance of the certificate for 2 years. The above-mentioned employee warrants are declared effective by Rule No. 1080339350 issued by the Financial Supervisory Commission.

Information on share plan for employees was as follows:

	For the Year Ended December 31			
	2021		2020	
Share plan for employees	Unit	Weighted average execution price	Unit	Weighted average execution price
Balance at January 1	2,500	$ 32.50	2,500	$ 33.15
Logged out	(457)	32.50	-	
Balance at December 31	2,043	31.90	2,500	32.50
Balance at December 31 can be executed	793		-	

Information on share plan for employees was as follows:

	For the Year Ended December 31	
	December 31,2021	December 31,2020
The range of execution price(NT$)	$ 31.90	$ 32.50
Weighted average remaining contract terms（year）	4 years	5 years

In December 2019, the Corporation gave its employees a share issue using the Black-Scholes evaluation model, which uses the following input values:

	December 2019
Fair Value	33.15
The execution price	33.15
Expected volatility	33.21～37.07%
Period	2.5～4.5 years
Expected dividend rate	-
Risk-free interest rates	0.55～0.58%

The expected volatility is based on the standard deviation over the life of the simulated company's historical average stock price volatility over time and is annualized.

For the years ended December 31, 2021 and 2020, the compensation costs recognized were $2,976 thousand and $7,842 thousand, respectively.

26. GOVERNMENT SUBSIDIES

In June 2020, the company has applied for wage payment support issued by the Ministry of Economic Affairs, and the support period is from April 2020 to June 2020. The original approved amount was $15,426 thousand (other incomes for 2020) Because the company did not fully comply with the regulations, the wage subsidy in May 2020 will not be subsidized, and the subsidy of $4,280 thousand must be returned to the Ministry of Economic Affairs (other losses for 2021).

Received a government subsidy of $673 thousand from the "Flagship Program for Youth Employment" in 2021(other incomes for 2021).

27. DISPOSAL OF SUBSIDIARY

Innostor Technology Corporation is responsible for the integrated circuit design of the merged company. On August 26, 2021, the general meeting of shareholders passed a resolution of dissolution and liquidation to terminate operations. The consolidated company will complete its disposal in August 2021 and lose control of the subsidiary.

a. Analysis of liquidation assets and liabilities

	Innostor Technology Corporation
Current liabilities	
Accounts payable	($ 1,655)
Disposal of Net Liabilities	($ 1,655)

b. Liquidation of the profit and loss of the subsidiary

	Innostor Technology Corporation
Disposal of Net Liabilities	($ 1,655)
Non-controlling equity	1,666
Cumulative exchange difference from reclassification of equity to profit or loss due to loss of control of the subsidiary	(11)
Disposal of gains and losses	$ −

28. SHAREHOLDER'S EQUITY TRANSACTIONS WITH NON-CONTROLLING EQUITY

The consolidated company acquired 30.26% equity of Innostor Technology (Samoa) Limited on August 26, 2021, increasing the shareholding ratio from 69.74% to 100%.

Since the above transactions did not change the control of the consolidated company over these subsidiaries, the consolidated company is treated as a transaction of shareholders' equity.

	Innostor Technology (Samoa) Limited
Cash consideration	($ 348)
The carrying amount of the net assets of the subsidiary is calculated based on the relative equity changes to the amount that should be transferred out of the non-controlling equity	(28)
Equity transaction balance	($ 376)
Equity transaction balance adjustment item	
Undistributed surplus	($ 376)

29. CAPITAL MANAGEMENT

Based on the overall operating environment and the future development of the consolidated company, and taking into account external competition and environmental changes and other related factors, the consolidated company 's capital structure is regularly reviewed by the main management, including consideration of the cost of various types of capital and related risks, in order to determine the appropriate capital structure of the consolidated company. Objective to maintain the consolidated company 's working capital requirements, research and development costs and dividend expenses for the future period, and to ensure that the consolidated company can continue to operate, give back to shareholders while taking into account the interests of other stakeholders, and maintain the best capital structure to enhance shareholder value in the long term.

The capital structure of the consolidated company consists of net debts (borrowings offset by cash and cash equivalents) and equity (comprising share capital, capital surplus, retained earnings and other equities).

The consolidated company is not subject to any externally imposed capital requirements.

Key management personnel of the consolidated company review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the consolidated company may adjust the amount of dividends paid to shareholders and the amount of new debt issued or existing debt redeemed.

30. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	For the Year Ended December 31	
	December 31, 2021	**December 31, 2020**
Financial assets		
Financial assets at amortized cost (Note 1)	$ 1,767,051	$ 783,604
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	340,681	258,385

Note 1: Including cash and cash equivalents, financial assets at amortized cost and accounts receivable (including related parties) and refundable deposits.

Note 2: Including short-term loans, accounts payable (including related parties), payables to contractors and equipment suppliers, cash dividends payable, accrued expenses and other current liabilities, bonds payable and guarantee deposits.

b. Financial risk management objectives and policies

The consolidated company's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The consolidated company's financial management department provides services to the business unit and coordinates access to domestic and international financial markets. The risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The consolidated company's activities expose it primarily to the financial risks of changes in foreign currency rates (please refer below a)) and interest rates (please refer below b)). The consolidated company engages in a variety of derivative financial instruments to manage the foreign currency exchange rate risks assumed.

The consolidated company's approach to the risk of market risks in financial instruments and the way in which they are managed and measured has not changed.

a) Foreign currency risk

The consolidated company had foreign currency sales and purchases, which exposed the consolidated company to foreign currency risk. About 100% of the consolidated company 's sales are not denominated in functional currencies, while about 100% of the cost amounts are not denominated in functional currencies.

The book value of monetary assets and monetary liabilities denominated in non-functional currencies at the balance sheet date, as well as the book value of derivatives with exchange rate risk, please refer to Note 33.

Sensitivity analysis

The consolidated company was mainly exposed to the US dollar.

The following table details the consolidated company's sensitivity to a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts its translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates a decrease in pre-tax profit and other equity associated with the New Taiwan dollar strengthens 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity and the balances below would be negative.

	For the Year Ended December 31	
	Impact of USD	
	2021	2020
Impact of USD	$ 3,421(i)	$ 1,339(i)

i. Mainly derived from the consolidated company 's balance sheet date is still in circulation and no cash flow risk aversion in U.S. dollar-denominated bank deposits, receivables, payables and bank loan.

b) Interest rate risk

As the consolidated company borrows funds at both fixed and floating rates, interest rate risk arises. The consolidated company manages interest rate risk by maintaining an appropriate fixed and floating interest rate portfolio. The consolidated company regularly evaluates risk aversion activities to bring them into line with interest rate perspectives and established risk appetites to ensure the most cost-effective risk aversion strategies are adopted.

The carrying amount of the consolidated company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	For the Year Ended December 31	
	December 31, 2021	December 31, 2020
Fair value interest rate risk		
－Financial assets	$ 694,707	$ 5,099
Cash flow interest rate risk		
－Financial assets	729,307	542,786
－Financial liabilities	-	126,450

Sensitivity analysis

The following sensitivity analysis is based on the risk of interest rate risk at the balance sheet date for derivatives and non-derivatives. For floating rate assets, the analysis is based on the assumption that the amount of assets in circulation on the balance sheet day is in circulation during the reporting period. The rate of change used to report interest rates to key management within the consolidated company increases or decreases by 1%, which also represents management's assessment of the reasonable range of possible changes in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the_ consolidated company's pre-tax profit for 2021 and 2020 would increase by $7,293 thousand and $4,163 thousand, respectively. The main reason is the net risk of the consolidated company 's interest-bearing bank deposits at variable interest rates.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Corporation. As at the end of the reporting period, the consolidated company's maximum exposure to credit risk(Irrevocable maximum risk exposure regardless of collateral or other credit enhancement instruments), which would cause a financial loss to the consolidated company due to a failure of counterparties to discharge an obligation and financial guarantees provided by the consolidated company, comes from the carrying amounts of the respective recognized financial assets as stated in the parent company only balance sheets.

The consolidated company's credit risk is mainly concentrated in the consolidated company's top five customers, as of December 31,2021 and December 31,2020, the total accounts receivable from the aforementioned customer's ratio of 65% and 67%, respectively.

3) Liquidity risk

The consolidated company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the consolidated company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The consolidated company relies on bank borrowings as a significant source of liquidity. December 31 ,2021 and December 31 ,2020, the consolidated company's available unutilized bank loan facilities please refer below b):

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The following table's detail the consolidated company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the consolidated company can be required to pay.

December 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year
Non-interest bearing liabilities			
Notes payable	$ 69,942	$ 74,855	$ -
Other payables	38,213	3,073	-
	$ 108,155	$ 77,928	$ -

December 31, 2020

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year
Non-interest bearing liabilities			
Notes payable	$ -	$ 591	$ 590
Accounts payable	24,210	43,286	1,132
Other payables	18,131	2,842	-
Floating interest rate instruments	-	126,450	-
	$ 42,341	$ 173,169	$ 1,722

Note: The amount of the above-mentioned other payables excludes salaries and bonuses payable, pensions payable, remuneration of directors payable and employees' compensation payable.

The amount of the above-mentioned floating rate instruments for non-derivative financial assets and liabilities will vary depending on the variable rate and the interest rate estimated at the balance sheet date.

b) Bank loan facilities

	For the Year Ended December 31	
	December 31, 2021	**December 31, 2020**
Uncollateralized Bank loan facilities		
－Utilized	$ -	$126,450
－Unutilized	360,000	217,850
	$360,000	$344,300
Collateralized Bank loan facilities		
－Unutilized	$ 90,000	$ 40,000

31. RELATED PARTY TRANSACTIONS

Balances and transactions between the Corporation and its subsidiaries have been eliminated on the consolidation company and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the consolidated company and other related parties are disclosed below:

Compensation of key management personnel

	For the Year Ended December 31	
	2021	2020
Short-term employee benefits	$ 33,865	$ 15,683

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for the bank loan and tariff of imported raw materials:

	For the Year Ended December 31	
	December 31, 2021	**December 31, 2020**
Financial assets at amortized cost - current	$ 25,066	$ 25,049
Land	44,592	44,592
Buildings	25,746	26,590
	$ 95,404	$ 96,231

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The consolidated company's monetary financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2021

Unit: Each foreign currency /NTD thousand

	Foreign Currencies	Exchange Rates	Carrying Amount
Financial assets			
Monetary			
USD	$ 17,589	27.68	$ 486,864
CNY	161	4.344	699
KRW	2,277	0.0235	54
			$ 487,617
Financial liabilities			
Monetary			
USD	5,231	27.68	$ 144,794

December 31, 2020

	Foreign Currencies	Exchange Rates	Carrying Amount
Financial assets			
Monetary			
USD	$ 11,488	28.48	$ 327,178
KRW	2,277	0.026	60
CNY	181	4.377	792
			$ 328,030
Financial liabilities			

Monetary			
USD	6,788	28.48	$ 193,322

Foreign exchange gain and loss (unrealized) towards each foreign currency with significant impact were as follows:

	For the Year Ended December 31			
	2021		2020	
Foreign Currencies	Exchange Rate	Net exchange gain and loss	Exchange Rate	Net exchange gain and loss
USD	27.68（USD:NTD）	$ 8,984	28.48（USD:NTD）	$ 9,709

34. ADDITIONAL DISCLOSURES

a. Information about significant transactions:

1) Financing provided to others. (None)

2) Endorsements/guarantees provided. (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures). (None).

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital. (None)

5) Acquisitions of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital. (None)

6) Disposals of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital. (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital. (None)

9) Trading in derivative instruments. (None)

10) Others: The business relationship between the parent and the subsidiaries and significant transactions between them. (Table 1)

b. Information of investees. (Table 2)

c. Information on investment in mainland China

1) The name of the investee in mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of

ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee. (Table 3)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (None).

(1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period.

(2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period.

(3) The amount of property transactions and the amount of the resultant gains or losses.

(4) The balance of negotiable instrument endorsements, guarantees or pledges of collateral at the end of the period and their purposes.

(5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

(6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services.

d. Main Shareholder Information: Name of shareholders with an equity ratio of more than 5%, amount and proportion of shareholding. (Table 4)

35. SEGMENT INFORMATION

The consolidated company engages mainly in integrated circuit design, and there was single operating segment for 2021 and 2020. Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

a. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	For the Year Ended December 31	
	2021	**2020**
Flash Controller	$ 1,876,429	$ 856,700
Packaged Controller	42,631	33,647
Others	31,695	49,265
	$ 1,950,755	$ 939,612

b. Geographical information

The consolidated company mainly operates in Taiwan and China.
Geographical information about revenue from external customers and noncurrent assets are reported based on the country where the external customers are headquartered and noncurrent assets are located.

	Revenue from external customers		**Non-current assets**	
	For the Year Ended December 31		December 31,	December 31,
	2021	2020	2021	2020
Taiwan	$ 814,777	$ 489,306	$ 87,412	$ 90,421

China	649,022	341,899	267	272
Others	486,956	108,407	-	-
	$1,950,755	$ 939,612	$ 87,679	$ 90,693

Noncurrent assets exclude goodwill, intangible assets and deferred tax assets.

c. Information about major customers

Single customers contributed 10% or more to the consolidated company’s revenue were as follows:

	For the Year Ended December 31	
	2021	**2020**
Customer A	$349,422	NA（Note）
Customer B	298,709	NA（Note）
Customer C	NA（Note）	162,218
Customer D	NA（Note）	117,278
Customer E	NA（Note）	103,374

Note: The amount of income is less than 10% of the total income of the consolidated company.

TABLE 1

ASOLID TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details (Note 3)			Transaction Terms
				Financial Statement Accounts	Amount	percentage to Total Sales or Assets	
0	ASolid Technology Co., Ltd	Innostor Technology Corporation	1	Sales revenue	$65,444	3.35%	—
			1	Purchase	11,165	0.57%	—
			1	Rent revenue	155	0.01%	—
			1	Other income	26	-	—
			1	General and administrative	1,200	0.06%	—
			1	Research experiment service fee	280	0.01%	—
		Innostor Technology (Shenzhen) Ltd	1	Research experiment service fee	4,290	0.22%	—
			1	Prepayments	377	0.02%	

Note 1: The information on the business transactions between the parent company and its subsidiaries should be indicated in the serial number column respectively, and the serial number should be filled in as follows：
1. Fill in 0 for parent company.
2. Subsidiaries are numbered sequentially starting from Arabic numeral 1 according to the company.

Note 2: The relationship with the trader has the following three types, indicating the type：
1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to Subsidiary.

Note 3: Balances and transactions between the company and its subsidiaries have been eliminated on consolidation.

TABLE 2

ASOLID TECHNOLOGY CO., LTD.

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Company Investee	Company Location	Main Businesses and Products	Original Investment Amount		Balance as of September 30, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Notes
				September 30, 2021	December 31, 2020	Shares	%	Carrying Amount			
ASOLID TECHNOLOGY CO., LTD	Advanced Memory Technology Co., Ltd	Taipei	Integrated circuit design	$ 21,860	$ 21,860	2,450	37.12%	$ 215	$ (441)	$ (164)	—
	Innostor Technology Corporation	Hsinchu	Integrated circuit design	-	59,281	-	-	-	137	3,747	—
	Innostor Technology (Samoa) Limited	Samoa	Investment	2,626 (USD80 thousand)	-	80	100%	(11)	52	17	—
Innostor Technology Corporation	Innostor Technology (Samoa) Limited	Samoa	Investment	-	2,626 (USD80 thousand)	-	-	-	52	35	—

Note: Information on Investment in Mainland China, please refer to TABLE 3

ASOLID TECHNOLOGY CO., LTD.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
YEAR ENDED DECEMBER 31, 2021
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2021	Net Income (Losses) of the Investee Company	Percentage of Ownership	Share of Profits/Losses	Carrying Amount as of September 30, 2021	Accumulated Inward Remittance of Earnings as of September 30, 2021	NOTE
					Outflow	Inflow							
Innostor Technology (Shenzhen) Ltd.	Consumer electronics, services business	$ 2,626 (USD80 thousand)	Indirectly invested through companies registered in a third region	$ 2,626 (USD80 thousand) （Note 2）	$ -	$ -	$ 2,626 (USD80 thousand) （Note 2）	$ 52	100%	$ 52	($ 11)	$ -	Subsidiary

Accumulated Investments in Mainland China as of	Investment Amount Authorized by the Investment Commission, MOEA	Limit on Investments(Note 1)
$2,626 (USD80 thousand)	$2,626 (USD80 thousand)	$1,039,685

Note 1：In accordance with the Provisions on the Examination of Investment or Technical Cooperation in the Mainland Area as stipulated by the Investment Commission of the Ministry of Economic Affairs.

Note 2：The combined company undergoes organizational reorganization. The company directly holds the equity of Innostor Technology (Samoa) Limited, while the combined company indirectly holds Innostor Technology (Shenzhen) Ltd., and the shareholding ratio has increased from 69.74% to 100%.

TABLE 4

ASOLID TECHNOLOGY CO., LTD

INFORMATION ON MAJOR SHAREHOLDERS
DECEMBER 31, 2021

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Kevin Liu	2,282,022	5.30%
KINGSTON TECHNOLOGY CORPORATION investment account under entrusted custody of China Trust and Commercial Bank	2,175,000	5.05%

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository &Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Corporation as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of differences in the basis of preparation.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual truster who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.